THE COMPARISON ANALYSIS OF INDONESIAN COMPANY'S FINANCIAL PERFORMANCE BEFORE AND DURING THE COVID-19 PANDEMIC

Lailah Fujianti[1*]
Mira Munira[2]
Sri Lestari Tindaon[3]

[1,2,3] Business and Economics Faculty, Pancasila University, Jakarta, Indonesia

*Corresponding Author: laelahpudjianti@univpancasila.ac.id

Abstract: This study aims to analyze differences in financial performance before and during the covid-19 pandemic in manufacturing companies listed on the Indonesia Stock Exchange in 2019 - 2020 from liquidity, leverage and profitability. The research sample was 138 companies which were selected based on the purposive sampling method. The paired sample t test method was used for data analysis. The results showed that there was no significant difference in the financial performance of manufacturing companies in terms of liquidity and leverage before and during the covid 19 pandemic. In terms of profitability, there was a significant difference, namely the average decrease in profitability.

Keywords: liquidity, leverage, profitability, manufacture

Abstrak: Penelitian ini bertujuan untuk menganalisis perbedaan kinerja keuangan sebelum dan selama pandemi covid-19 pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2019 – 2020 dari likuiditas, leverage dan profitabilitas. Sampel penelitian sebanyak 138 perusahaan yang dipilih berdasarkan metode purposive sampling. Metode uji t sampel berpasangan digunakan untuk analisis data. Hasil penelitian menunjukkan bahwa tidak terdapat perbedaan kinerja keuangan perusahaan manufaktur yang signifikan dari segi likuiditas dan leverage sebelum dan selama pandemi covid 19. Dari sisi profitabilitas terdapat perbedaan yang signifikan yaitu rata-rata penurunan profitabilitas.

***Kata kunci:** likuiditas, leverage, profitabilitas, manufaktur*

INTRODUCTION

The COVID-19 pandemic began to be discovered in December 2019 in China. This epidemic quickly spread throughout the world, including Indonesia. This epidemic had a negative impact not only on the health sector in the form of a high mortality rate but also had an impact on other sectors such as the economic sector.

The impact of the COVID-19 pandemic in Indonesia has caused economic performance to weaken due to the implementation of the Large-Scale Social Restrictions (PSBB) policy to prevent the spread of Covid 19. According to the Central Statistics Agency, in 2020 the Indonesian economy as a whole experienced a negative growth of 2.51 percent. However, the impact of the COVID-19 pandemic on the Indonesian economy varies in various companies or industrial sectors. According to the Ministry of Industry of the Republic of Indonesia, several companies or industrial sectors were still able to record a positive growth trend even though they were under economic pressure due to COVID-19.

The companies or industries that experience positive growth indicate that the financial performance of the company or industry is good and vice versa, companies or industries that experience negative growth indicate that the company's financial performance is deteriorating.

The company's performance can be seen from two sides, namely financial performance and market performance (Fujianti, 2018). Market performance can be seen in terms of company value and stock returns, while financial performance can be seen from the company's financial statements. Information on the company's financial performance is needed to assess the business performance of a company. This information is useful for interested parties such as investors in making investment decisions. An investor needs information about the company's financial performance so as not to be wrong in placing their investments which ultimately suffer losses. The financial information needed is information on the company's ability to generate profits or called profitability (Fujianti and Indra 2020; Yusuf and Surjaatmadja, 2018; Prabowo and Korsakul, 2020; Ichsan et al. 2021), the ability to pay short-term debt is called liquidity (Akbar, et al. 2021), the ability to pay long-term debt is called leverage (Widyastuti, 2019; Ifani et al. 2019) and other information. This information is obtained from the analysis of financial statements.

In order to present useful information related to financial performance for interested parties in the form of financial performance analysis, this study will examine the analysis of company performance in terms of liquidity, leverage and profitability before the covid 19 pandemic and compared to after the covid 19 pandemic. Research related to company performance in the pre-covid pandemic and during the pandemic, several previous studies, namely Hilman and

Laturette, (2021), Ilahude et al. (2021) and Mufiddah, (2021), Milennia and Mesta (2021); Candera and Indah, 2020).

However, the research results are still varied. Indiraswari and Rahmayanti (2022) show that there is no difference in performance before and during the pandemic in terms of liquidity and leverage, while Suhartini, (2021) shows the opposite, namely there are differences in company performance before and during the pandemic in terms of liquidity, profitability and leverage. Based on this, this study continues previous research by examining differences in financial performance from liquidity, leverage and profitability before and during the pandemic by focusing on a larger sample, namely manufacturing companies. The choice of a manufacturing company is because this business sector still operates a lot compared to the service sector such as transportation services and others during the COVID-19 pandemic.

LITERATURE REVIEW
Financial Report

The final result of the accounting recording process is financial statements. According to IAI in PSAK No. 1 of 2018 the definition of financial statements is a report that presents information on the financial position, company performance, and cash flows of a business or company. The presentation of financial statements aims to provide financial information to interested parties regarding the condition of the company's financial performance as a basis for decision making. Before being used as a basis for decision making, it is necessary to analyze financial statements. This analysis aims to assess past, present and future financial conditions (Mardasari et al. 2021), as well as to assess the company's ability to earn profits, pay debts and others.

Financial Report Analysis

According to Kasmir (2017:104), financial ratio analysis is an activity to compare the numbers contained in the financial statements by dividing one number by another. According to Hutabarat (2021:20) financial ratio analysis is an activity to analyze financial statements by comparing the accounts contained in the financial statements to determine the relationship and comparison between the accounts contained in the financial statements.

Generally, financial ratio analysts consist of liquidity, leverage, profitability and activity. Liquidity ratio to measure the company's ability to pay its short-term debt. The company is said to be liquid if the current assets are greater than the amount of short-term debt. We recommend that if the amount of current assets is less than the amount of debt, it is called illiquid. The liquidity ratio is also useful for (1) assessing the company's ability to pay debts that will mature

on the date of collection, (2) assessing the company's ability to pay short-term debt with current assets as a whole, (3) assessing the company's ability to meet short-term debt with current assets without taking into account inventories and receivables, (3) calculating the amount of cash available to pay obligations, (4) as a future planning tool, especially cash and liability planning, (5) taking into account the condition and position of the company's liquidity from period to period a comparison is made, (6) monitor the weaknesses of the company from each component in current assets and current liabilities, (7) as a trigger tool for management to improve performance, by looking at the liquidity ratio for this period. The liquidity ratio consists of (1) Current Ratio, (2) Quick Ratio, and (3) Cash Ratio.

Leverage, also known as the solvency ratio, is the ratio used to measure the company's ability to pay off its total debt. In addition, some of the benefits of leverage are as follows: (1) to determine the position of the company's total debt to creditors, (2) to measure the company's ability to meet fixed debt (loan installments, interest), (3) to measure the balance between fixed assets and capital, (4) to measure the amount of assets financed by the company's debt, (5) to measure how much influence debt has on the company's asset management, (6) to calculate how much of each rupiah of own capital is used as a guarantor of long-term debt, (7) To calculate the amount of loan funds or debts to be billed. Rasio leverage consists of (1) *Total Debt To Equity Ratio*, (2) *Total Debt To Asset Ratio*, (3) *Long Term Debt to Equity Ratio*, (4) *Tangible Assets Debt Coverage.*

Profitability is a ratio to determine the company's ability to generate profits related to sales, assets, and equity. In carrying out its activities, the company has the same goal, namely to earn a profit or profit. The greater the profit owned, the company is growing. The level of profitability describes the company's prospects in the future whether it can continue to survive or experience bankruptcy.

Profitability ratios can be used as a measuring tool or an assessment of the effectiveness of management performance. The success of management is seen from the profit earned that is on target or exceeding the specified target. The maximum profit obtained means that the policies set by management have been good during that period and the policies can be re-applied in the next period and make improvements to some things that are considered weak. The benefits of the profitability ratio are (1) to measure or calculate the profits received by the company in a period, (2) to measure the company's profit position in the previous year with the current year, (3) to calculate the profit development from period to period, (4) to calculate the amount of net profit after tax with own capital, (5) To calculate the productivity of all company funds used both in the form of loan capital and own capital, (5) To calculate the productivity

of all company funds used from own capital, (6) To calculate productivity of all company funds used from own capital. Profitability consists of (1) *Return on Assets* (Hasil Pengembalian atas Aset), (2) *Return on Equity*, (3) *Gross Profit Margin*, (4) *Operating Profit Margin*, (5) *Net Profit Margin*

Hypothesis Development

1. The differences in Financial Performance of Liquidity before and during the Pandemic

Liquidity in research is prorated by Current Ratio (CR). Liquidity shows the company's ability to pay its short-term debt. Companies with a high level of liquidity show the ability to pay off short-term obligations that will mature at a higher rate than companies with a low level of liquidity. The COVID-19 pandemic condition is predicted to have an impact on decreasing the company's liquidity level compared to before because the PSBB set by the government caused the company's operations to decline. The results of Gunawan's research (2021) show that there are differences in liquidity before and during the Covid-19 pandemic, thus the first hypothesis (H1) of this study is as follows:

H1   :   There are the differences of in liquidity level befor and during the covid - 19 pandemic

2. The differences in Financial Performance of Leverage before and during the pandemic

Leverage in this study is proxied by Debt to Total Asset Ratio (DAR). A high DAR indicates a company's high ability to pay its total debt with its fixed assets and vice versa if the DAR is low. The condition of the covid pandemic has resulted in many companies not being able to operate normally because there are restrictions on human movement to avoid the spread of covid 19, so it is predicted that the company's ability will decrease. This is evidenced by Wulandari and Patrisia (2021) that there is a significant difference in leverage before and during the covid-19 pandemic. Thus the first hypothesis (H1) of this study is as follows:

H2   :   There are the differences of leverage level before and during Covid-19 pandemic

3. The Differences of Finacial Performance before and during the covid – 19 at Profitability Ratio

Profitability is promoted by Return on Assets (ROA). Profitability shows the company's ability to earn a profit. Profitability also provides information to management and investors to see the company's ability to convert its investment in assets into profits or

profits (Siswanto, 2020). The COVID-19 pandemic has caused many companies to experience operational constraints, so there is a high probability of experiencing a decline in profitability. The results of Pura's research (2021) prove that there are differences in profitability before and during the COVID-19 pandemic. Thus the first hypothesis (H1) of this study is as follows:

H3   :   There are the differences of profitability level before and during Covid-19 pandemic

RESEARCH METHODOLOGY

The research population are manufacturing companies that listed on the Indonesia Stock Exchange for two years, on the period 2019 - 2020. Sampling uses the purposive sampling method, namely the determination of samples based on certain criteria. The criteria for selecting the sample are as follows (1) the company publishes audited financial statements for the year 2019 - 2020, (2) has complete data for calculating financial statement ratios, (3) uses rupiah currency in the presentation of financial statements, and (4) the company does not include State-Owned Enterprises (BUMN). SOEs are excluded from the sample because SOEs have opportunities for assistance from the government if they experience financial difficulties. Based on the sample selection method, the number of samples are 139 companies with details in the following table.

Table 1. Research Sample based on Sample Selection Criteria

Criteria	Chemical Industry Sector	Consumer Goods Industry Sector	Various Industrial Sector	Total
IDX listed manufacturing companies at 2019-2020	82	71	51	204
Companies that have published and audited the 2019 -2020 financial statements	-8	0	-9	-17
The companies that used Rupiahs (Rp) currency in their financial statements	-17	-13	-15	-45
The companies that did not a State Owned Company	-3	0	0	-3
Number of research samples	54	58	27	139

This research uses liquidity proxies with Current Ratio (CR), Leverage with Debt to Assets Ratio (DAR) and Profitability with Return on Assets (ROE). This study uses the proxy because the proxy is commonly used to measure the performance of a company. Variable measurements can be seen in the following table:

Table 2. Variable Measurement

Variable	Proxy			Measuring Scale
Liquidity	CR	=	Current Assest / Current Liability	Ratio
Leverage	DAR	=	Total Debt / Total Assest	Ratio
Profitability	ROA	=	Earning After Interest and Tax / Total Assets	Ratio

Analysis of the data used in this study is descriptive statistics and paired sample t-test. Descriptive analysis is an analytical technique that begins with collecting data and then classified, analyzed and interpreted in order to assist in providing an overview of the data being studied in the form of minimum, maximum, average, standard deviation, and variance values. The sample t test is used because the number of samples is 139, which is above 30. The sample t test is to test whether there is a difference in the mean of the two related samples. The hypothesis test is used the *t test*, which is if the significance value is above 0.05, it is concluded that there is no difference in the data before and during the COVID-19 pandemic and vice versa if it is less than 0.05.

RESULT AND DISCUSSION

Descriptive statistical test of the liquidity variable before the covid-19 pandemic showed a minimum value of 0.060, a maximum value of 99,830, an average value of 3,291 and a standard deviation of 8,698. The *leverage* variable before covid-19 shows a minimum value of 0.07, a maximum value of 1.890, an average value of 0.461 and a standard deviation of 0.241. The profitability variable in 2019 shows a minimum value of -0.400 with a maximum value of 0.610 and an average value (mean) of 0.054 while the standard deviation value is 0.099.

Table. 3. Description of Statistics

Description	Year 2019 (Before Covid 19 pandemic)			Year 2020 (After Covid 19 pandemic)		
	Liquidity	Leverage	Profitability	Liquidity	Leverage	Profitability
Minimum	.060	.070	-.400	.080	.070	-1.050
Maximum	99.830	1.890	.610	98.630	1.990	.600
Mean	3.291	.461	.054	3.369	.459	.019
Std. Deviation	8.698	.241	.099	8.646	.249	.138

Descriptive statistical test of the liquidity variable during the COVID-19 pandemic in 2020 showed a minimum value of 0.08, a maximum value of 98.630, an average value of 3.369 and a standard deviation of 8.646. The *leverage* variable before covid-19 shows a minimum value of 0.07, a maximum value of 1.990, an average value of 0.459 and a standard deviation of 0.249. The profitability variable in 2020 shows a minimum value of -1.050 with a maximum value of 0.600 and an average value of 0.019 while the standard deviation value is 0.138. Paired T Test Sample and Hypothesis test can be seen in the following table

Table 4. Paired Test Result and Hypothesis test

Description	Paired Differences					df	Sig. (2-tailed)	Hipotesa
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Liquidity_2019 Liquidity 2020	-.079	1.066	.090	-.258	.100	138	.386	H1 Ditolak
Leverage_2019 Leverage_2020	.001	.163	.014	-.026	.029	138	.926	H2 Ditolak
Profit_2019 - Prof_2020	.036	.118	.010	.016	.055	138	.001	H3 Diterima

The results of the Paired Sample T Test for liquidity show the value of Sig. (2-tailed) of 0.386. This result is greater than 0.05, which means that the H1 hypothesis is rejected, which means that there is no significant difference between the level of liquidity before and during the COVID-19 pandemic. The results of this study are in line with the research of Amalia et al (2021); Esomar (2021). Liquidity is no different because the average liquidity value before and during the pandemic is relatively the same, namely 3.29 before the pandemic and 3.36 during the pandemic (table 3). This shows that despite the COVID-19 pandemic, manufacturing companies are not undisturbed in terms of liquidity. It also means that manufacturing companies are still able to maintain their liquidity and are still able to pay off their short-term debts.

The results of the Paired Sample T Test of leverage show the value of Sig. (2-tailed) of 0.926 . This result is greater than 0.05, which means that the H2 hypothesis is rejected, which means that there is no significant difference between the leverage level before and during the COVID-19 pandemic. The results of this study are in line with the research of Kumala et al. (2021). Leverage is no different because the average leverage value before and during the pandemic is relatively the same, namely 0.461 before the pandemic and 0.459 during the pandemic (table 3). This shows that even though manufacturing companies are under the pressure of the COVID-19 pandemic, they are not disturbed in terms of leverage and the ability to pay the total debt the same before and during the COVID-19 pandemic.

The results of the Paired Sample T Test for profitability show the value of Sig. (2-tailed) of 0.001. This result is smaller than 0.05, which means that the H3 hypothesis is accepted, which means that there is a significant difference between the level of profitability before and during the COVID-19 pandemic. The results of this study are in line with the research of Pura (2021) and Rinofah et al. al (2022). Profitability is different because the average value before and during the pandemic has decreased from 0.054 to 0.019 (table 3). This shows that manufacturing companies are under pressure due to the COVID-19 pandemic and their ability to generate profitability or profits has decreased due to the COVID-19 pandemic.

The results of this study provide useful information for investors and creditors that the financial performance of manufacturing companies in Indonesia, especially in terms of liquidity and leverage is still able to maintain the pressures of the pandemic, but the financial performance of profitability is under negative pressure.

CONCLUSION

Based on the results of research on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange, there is no difference in terms of liquidity and leverage before and during the COVID-19 pandemic, while in terms of profitability they are different. The company's average profitability has decreased. This means that the COVID-19 pandemic has an impact on the company's ability to earn profits. The research is only limited to manufacturing companies, while other company sectors are not examined in this study. Therefore, it is recommended that other studies compare between different industrial sectors and between sub-sectors in the same industry. The research has a weakness because the research period is only limited to one year, before the 2019 covid pandemic and after the 2020 covid pandemic, the consequences may be different if the research period is more than that

number of years. For this reason, in order to obtain general research results, the research period should not be limited to one year and not limited to manufacturing companies.

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